

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2000-0121-C - ORDER NO. 2000-549

JULY 5, 2000

IN RE: Application of South Carolina Net, Inc. for a)	ORDER APPROVING
Certificate of Public Convenience and)	EXPEDITED REVIEW,
Necessity to Provide Local Exchange and)	GRANTING
Exchange Access Telecommunications)	CERTIFICATE TO
Services in Certain Areas of South Carolina)	PROVIDE LOCAL
Currently Served by BellSouth)	EXCHANGE SERVICES,
Telecommunications, Inc., GTE South, Inc.)	AND APPROVING
and United Telephone Company of the)	FLEXIBLE
Carolinas, Inc.)	REGULATION

This matter comes before the Public Service Commission of South Carolina ("the Commission") by way of the Application of South Carolina Net, Inc. ("SC Net" or the "Company") for authority to provide local exchange services and exchange access services within certain areas of South Carolina currently being served by BellSouth Telecommunications, Inc., GTE South, Inc., and United Telephone Company of the Carolinas, Inc. and by way of the Company's Motion for Expedited Review of Application. The Applicant requests authority to provide local exchange services and exchange access services within the areas of South Carolina currently being served by BellSouth Telecommunications, Inc., GTE South, Inc., and United Telephone Company of the Carolinas, Inc. and also requests that the Commission regulate its local telecommunications services in accordance with the principles and procedures established for flexible regulation in Order No. 98-165 in Docket No. 97-467-C. The

Application was filed pursuant to S.C. Code Ann. § 58-9-280 (Supp. 1999) and the Regulations of the Commission.

By letter, the Commission's Executive Director instructed SC Net to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the areas affected by the Application. The purpose of the Notice of Filing was to inform interested parties of the manner and time in which to file the appropriate pleadings for participation in the proceedings. SC Net complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. No protests, petitions to intervene, or comments were filed in connection with the Application

On June 2, 2000, SC Net filed its Motion for Expedited Review of its Application. By its Motion, SC Net offers that no comments or petitions to intervene were filed in response to the notice in this docket and that SC Net was issued a Certificate of Public Convenience and Necessity to operate as a reseller of intrastate interexchange telecommunications services by Order No. 92-333 in Docket No. 92-113-C, dated May 13, 1992. In support of its Application and Motion for Expedited Review, SC Net submitted the verified testimony of W.J. Jordan, President and Chief Executive Officer of SC Net. The purpose of Jordan's testimony was to provide evidence on the financial, technical, and managerial abilities of SC Net to provide local telecommunications services in South Carolina and to describe the services which SC Net proposes to offer.

The Commission, in its regularly scheduled Commission Meeting on June 6, 2000, considered SC Net's Motion for Expedited Review. The Commission recognizes that SC Net is presently authorized by this Commission to operate as a reseller of

intrastate interexchange telecommunications services. SC Net was granted this authority by Order No. 92-333 in Docket No. 92-113-C, dated May 13, 1992, after a hearing before the Commission in which the Commission determined that SC Net possesses the experience, capability, and financial resources to provide interexchange telecommunications services. Upon consideration of SC Net's Motion for Expedited Review, the Commission finds it appropriate to grant the Motion for Expedited Review. No comment or intervention was received in this docket, and no opposition to SC Net's Motion for Expedited Review was received. By its Motion for Expedited Review, SC Net has waived all rights to a full evidentiary hearing and requests that the Commission consider the Application in the context of the regularly scheduled Commission meeting. The Commission will consider SC Net's Application in the Commission Meeting, and the Commission's discussion and deliberation in the presence of a court reporter and with verified testimony of the witness will be deemed a hearing for the purposes of consideration of the Application.

DISCUSSION

S.C. Code Ann. § 58-9-280 (Supp. 1999) provides that the Commission may grant a certificate to operate as a telephone utility...to applicants proposing to furnish local telephone service in the service territory of an incumbent LEC.

After full consideration of the applicable law, SC Net's application, the Motion for Expedited Review of the Application, and evidence submitted by SC Net, the Commission finds and concludes that the Certificate to provide local exchange service and exchange access service sought by SC Net should be granted. The Commission's

determination is based on the following criteria as provided in S.C. Code Ann. §58-9-280 (Supp. 1999) and the evidence submitted in support of the motion which relates to those criteria:

1. The Commission finds that SC Net possesses the technical, financial, and managerial resources sufficient to provide the services requested. S.C. Code Ann. § 58-9-280(B)(1) (Supp. 1999). Mr. Jordan's testimony reveals SC Net was incorporated in the State of South Carolina in December 1991. (See, Exhibit A of Application of SC Net.) The record reveals that SC Net proposes to offer local exchange services and exchange access services to both residential and business customers in South Carolina located in areas presently served by BellSouth Telecommunications, Inc., GTE South, Inc., and United Telephone Company of the Carolinas, Inc. and that such services will be comparable to and competitive with services offered by the incumbent LECs.

According to the testimony of Mr. Jordan, SC Net has sufficient technical and managerial resources to provide the services for which its requests authority. SC Net has been providing telecommunications services in South Carolina since 1993. Further, SC Net's officers and managers have extensive experience in the provision of telecommunications services in South Carolina. For instance, witness Jordan has been employed in the telecommunications industry since 1975. James Thompson, Vice President of SC Net has over 29 years telecommunications experience in administration, management, technical support, customer service, and installation. Mark Stokes, Senior Manager of Business Development and Customer Service, has 19 years telecommunication experience in administration, management, training, sales

management, and customer service. Rick Watters, who oversees SC Net's Network Support, has more than 21 years telecommunications experience in complex technical, technical training, installation, troubleshooting, repair, and supervisory positions.

Regarding SC Net's financial resources, Mr. Jordan offered that the SC Net is a financially sound company that has operated as a reseller of interexchange telecommunications since 1993. Further, the financial statements filed with the Application reveal a good cash position (approximately 4% of total assets) and a strong current ratio, or ability to meet current liabilities with current assets.

Based on the undisputed testimony of witness Jordan, the Commission concludes that SC Net has sufficient technical and managerial support as well as sufficient financial wherewithal to provide the services requested by the Application. The Commission therefore finds that SC Net possesses the technical, financial, and managerial resources sufficient to provide the services requested.

2. The Commission finds that SC Net will provide services which will meet the service standards of the Commission. S.C. Code Ann. § 58-9-280 (B)(2) (Supp. 1999). Witness Jordan states that SC Net's services will meet all service standards that the Commission may adopt. Based on the undisputed evidence of record, the Commission believes, and so finds, that SC Net will provide telecommunications services that will meet the service standards of the Commission.

3. The Commission finds that SC Net's "provision of service will not adversely impact the availability of affordable local exchange service." S.C. Code Ann. § 58-9-280 (B)(3) (Supp. 1999). SC Net offers that its entry into the local market will

enhance competition in the State of South Carolina by offering additional service options and high service quality to South Carolina telecommunications users. Further, SC Net affirmatively states that its provision of services will not adversely impact the availability of affordable local exchange service. Therefore, based on the undisputed evidence of record, the Commission finds that provision of local exchange services by SC Net will not adversely impact affordable local exchange service.

4. The Commission finds SC Net will support universally available telephone service at affordable rates. S.C. Code Ann. § 58-9-280 (B)(4) (Supp. 1999). Witness Jordan states that SC Net will actively participate in the support of universally available telephone service at affordable rates. Based on the undisputed evidence of record, the Commission finds that SC Net will participate in support of universally available telephone service at affordable rates.

5. The Commission finds that the provision of local exchange services by SC Net “does not otherwise adversely impact the public interest.” S.C. Code Ann. § 58-9-280 (B)(5) (Supp. 1999). Mr. Jordan’s testimony indicates that approval of SC Net’s application will benefit South Carolina customers. According to Mr. Jordan, SC Net’s entry into the local market will enhance competition in South Carolina by offering additional service offerings and high quality service to South Carolina telecommunications consumers.

6. The Commission finds that SC Net should be afforded flexible regulation of its local exchange service offerings in accordance with the principles and procedures established for flexible regulation in Order No. 98-165 in Docket No. 97-467-C. SC Net

requests that it be allowed to incorporate a rate structure which incorporates maximum rate levels with the flexibility for adjustment below the maximum rate levels. Further, SC Net requests that its tariff filings be presumed valid upon filing, subject to the Commission's right within thirty (30) days to institute an investigation of the tariff filings, in which case such tariff filings would be suspended pending further order of the Commission, and that any tariff filing will be subject to the same monitoring process as similarly situated competitive local exchange carriers. SC Net's requested regulatory treatment comports with the flexible regulation first approved by this Commission for NewSouth Communications in Docket No. 97-467-C. Since flexible regulatory treatment was first approved, the Commission has approved flexible regulatory treatment for other CLECs requesting flexible regulatory treatment. As a new entrant in the local market, the Commission finds that SC Net should be allowed to the flexibility afforded by the flexible regulatory treatment and should be treated in the same manner as similarly situated CLECs that have requested the same regulatory treatment.

Therefore, based on the findings above, the Commission finds and concludes that a Certificate of Public Convenience and Necessity to provide local exchange and exchange access telecommunications services within the areas of South Carolina currently being served by BellSouth Telecommunications, Inc., GTE South, Inc., and United Telephone Company of the Carolinas, Inc. should be granted to SC Net. Further, the Commission finds that SC Net should be afforded flexible regulatory treatment of its intrastate local exchange service and exchange access service offerings.

IT IS THEREFORE ORDERED THAT:

1. The Application of SC Net for a Certificate of Public Convenience and Necessity to provide competitive intrastate local exchange services and exchange access services in those areas of South Carolina currently being served by BellSouth Telecommunications, Inc., GTE South, Inc., and United Telephone Company of the Carolinas, Inc. is approved.
2. SC Net shall file, prior to offering local exchange service and exchange access service in South Carolina, a final tariff of its service offerings conforming to all matters discussed with the Staff, and comporting with South Carolina law in all matters.
3. SC Net shall, in compliance with Commission regulations, designate and maintain an authorized utility representative who is prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, and tests and repairs. In addition, SC Net shall provide to the Commission in writing the name of the authorized representative to be contacted in connection with general management duties as well as emergencies which occur during non-office hours. SC Net shall file with the Commission the names, addresses, and telephone numbers of those representatives within thirty (30) days of receipt of this Order. (Attachment A shall be utilized for the provision of this information to the Commission.) Further, SC Net shall promptly notify the Commission in writing if the representatives are replaced.
4. SC Net shall conduct its business in compliance with Commission decisions and Orders, both past and future, including but not limited to, any and all

Commission decisions which may be rendered in Docket No. 96-018-C regarding local competition.

5. SC Net's local telecommunications services shall be regulated in accordance with the principles and procedures established for flexible regulation first granted to NewSouth Communications by Order No. 98-165 in Docket No. 97-467-C. Specifically, the Commission adopts a rate design for SC Net's local service offerings which permits SC Net to file a schedule of maximum rates along with a price list reflecting the actual prices being charged. With regard to SC Net's local exchange service tariff filings, SC Net's local exchange service tariff filings shall be presumed valid upon filing, subject to the Commission's right within thirty (30) days to institute an investigation of the tariff filing. If the Commission institutes an investigation of a tariff filing, then the tariff filing will be suspended until further Order of the Commission. Further, any such tariff filings will be subject to the same monitoring process as similarly situated competitive local exchange carriers.

6. SC Net shall file annual financial information in the form of annual reports and gross receipt reports as required by the Commission. The annual report and the gross receipt report will necessitate the filing of intrastate information. Therefore, SC Net shall keep financial records on an intrastate basis to comply with the annual report and gross receipt filings. (The presently approved form of the Annual Report for Competitive Local Exchange Carriers is attached hereto as Attachment B.)

7. SC Net is directed to comply with all regulations of the Commission unless a regulation is expressly waived by the Commission.

8. Title 23, Chapter 47, South Carolina Code of Laws Ann., governs the establishment and implementation of a “Public Safety Communications Center,” which is more commonly known as a “911 system” or “911 service.” Services available through a 911 system include law enforcement, fire, and emergency medical services. In recognition of the necessity of quality 911 services being provided to the citizens of South Carolina, the Commission hereby instructs SC Net to contact the appropriate authorities regarding 911 service in the counties and cities where the Company will be operating. Contact with the appropriate 911 service authorities is to be made before beginning telephone service in South Carolina. Accompanying this Order is an information packet from the South Carolina Chapter of the National Emergency Number Association (“SC NENA”) with contact information and sample forms. The Company may also obtain information by contacting the E911 Coordinator at the Office of Information Resources of the South Carolina Budget and Control Board. By this Order and prior to providing services within South Carolina, SC NET, shall contact the 911 Coordinator in each county, as well as the 911 Coordinator in each city where the city has its own 911 system, and shall provide information regarding the Company’s operations as required by the 911 system.

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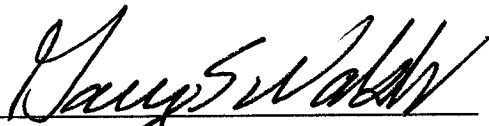
9. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:



Chairman

ATTEST:



Executive Director

(SEAL)

JULY 5, 2000

ATTACHMENT A

AUTHORIZED UTILITY REPRESENTATIVE INFORMATION

PURSUANT TO SOUTH CAROLINA PUBLIC SERVICE COMMISSION REGULATION

103-612.2.4(b) - Each utility shall file and maintain with the Commission the name, title, address, and telephone number of the persons who should be contacted in connection with General Management Duties, Customer Relations (Complaints), Engineering Operations, Test and Repairs, and Emergencies during non-office hours.

Company Name (Including dba Name(s) or Acronyms used or to be used in South Carolina)

Business Address

City, State, Zip Code

A.

General Manager Representative (Please Print or Type)

Telephone Number / Facsimile Number / E-mail Address

B.

Customer Relations (Complaints) Representative (Please Print or Type)

Telephone Number / Facsimile Number / E-mail Address

C.

Engineering Operations Representative (Please Print or Type)

Telephone Number / Facsimile Number / E-mail Address

D.

Test and Repair Representative (Please Print or Type)

Telephone Number / Facsimile Number / E-mail Address

E.

Contact for Emergencies During Non-Office Hours (Please Print or Type)

Telephone Number / Facsimile Number / E-mail Address

F.

Financial Representative (Please Print or Type)

Telephone Number / Facsimile Number / E-mail Address

G.

Customer Contact Telephone Number for Company (Toll Free)

This form was completed by

Signature

If you have any questions, contact the Consumer Services Department (803-896-5230)
or Utilities Department at (803-896-5105).

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ATTACHMENT B

ANNUAL REPORT FOR COMPETITIVE LOCAL EXCHANGE CARRIERS

COMPANY NAME: _____

ADDRESS: _____

CITY: _____ **STATE:** _____ **ZIP:** _____

PHONE NUMBER: _____ **FAX NUMBER:** _____

****If any of this information changes, the Commission is to be notified at once****

OFFICERS: PRESIDENT: _____

VICE PRESIDENT: _____

TREASURER: _____

CONTACT PERSON FOR FINANCIAL AND REGULATORY INFORMATION:

NAME: _____

(PLEASE PRINT OR TYPE)

CONTACT'S PHONE: _____

****If this person changes, you must notify the Commission immediately****

COMPETITIVE LOCAL EXCHANGE CARRIERS

Company Name: _____

**Income Statement
12/31/2000/or Fiscal Year**

Particulars	<u>Current Year-Total</u> <u>Company</u>	<u>Last Year-Total</u> <u>Company</u>	<u>SC Intrastate-Current</u> <u>Year</u>
Revenues			
Operating Revenues			
<u>Operating Expenses</u>			
Access and Billing Expenses and Expenses Related to Resale			
Other Local Interconnection Expenses			
Leases Facilities from Other Carriers			
Communications System Operations			
Sales and Marketing			
Administration and General			
Depreciation and Amortization			
Other			
Total Operating Expenses			
Net Operating Income			
<u>Other Income and Expenses</u>			
Nonoperating Income and Expenses (Net)			
Nonoperating Taxes			
Interest			
Extraordinary Items			
Total Other Income and Expenses (Net)			
Net Income			

Number of South Carolina Access Lines	
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COMPETITIVE LOCAL EXCHANGE CARRIERS

Company Name: _____

**Balance Sheet-Total Company
December 31, 2000/or Fiscal Year Ending**

Particulars	Balance at Beginning of Year	Balance at Ending of Year
<u>Current Assets</u>		
Cash and Cash Equivalents		
Accounts Receivable-Telecommunications		
Accounts Receivable-Other		
Notes Receivable		
Other Receivables		
Materials and Supplies		
Prepays		
Other Current Assets		
Total Current Assets		
<u>Noncurrent Assets</u>		
Investments		
Other Noncurrent		
Deferred Charges		
Total Noncurrent Assets		
<u>Plant Assets</u>		
Telecommunications Plant in Service		
Accumulated Depreciation		
Net Telecommunications Plant in Service		
Other Plant Assets (Net of Depreciation)		
Construction Work in Progress		
Total Plant		
Total Assets		

COMPETITIVE LOCAL EXCHANGE ANNUAL REPORT

Company Name: _____

Balance Sheet-Total Company
December 31, 2000/or Fiscal Year Ending

Particulars	Balance at Beginning of Year	Balance at Ending of Year
<u>Current Liabilities</u>		
Accounts Payable		
Advanced Billings and Payments		
Customer Deposits		
Long Term Debt-Current Maturities		
Accrued Liabilities		
Other Current Liabilities		
Total Current Liabilities		
<u>LongTerm Debt</u>		
Long Term Debt		
Obligations Under Capital Leases		
Advances From Affiliated Companies		
Other Long Term Debt		
Total Long Term Debt		
<u>Stockholders Equity</u>		
Capital Stock		
Additional Paid in Capital		
Retained Earnings		
Total Stockholders Equity		
Total Liabilities and Stockholders Equity		